

Adelphia Communications (ADLAC, \$10, Overweight, Industry View: Attractive, \$25 Target)

On March 27 Adelphia disclosed the existence of \$2.284 billion of debt drawn down at the Rigas family holding company, Highland, that was also cross-collateralized by Adelphia assets. None of the historical balance sheets reported contingent liabilities for this debt. As discussed below, the disclosure in the 2000 10K debt footnote was, in our opinion, less than clear.

The question becomes, Does disappointment with the level of financial disclosure warrant the sale of the stock regardless of price? We believe that Adelphia, as constituted today, would be worth \$25 per share currently and perhaps as much as \$30 at the end of 2002 if the capital structure was not as highly leveraged. However, if the Highland debt and cable systems were collapsed into Adelphia, the ratio of total debt to concurrent EBITDA would be 8.3.

The question becomes, Does disappointment with the level of financial disclosure warrant the sale of the stock regardless of price?

If Adelphia and Highland were to be combined, the company would almost certainly need to sell equity to de-lever. We believe that the maximum sustainable debt level would be 7.0 times 2003E EBITDA, approximately \$1.5–2.0 billion less than our current projection of \$15.5 billion at the end of 2003. The \$1.5–2.0 billion of proceeds would be used to meet 2002 and 2003 debt maturities.

We believe that the credibility discount on the stock serves to reduce our target multiple to under 13.0 times 2003E EBITDA. This implies a \$29–30 price target given our new 2002 ending debt expectation. The potential need for \$1.5–2.0 billion in equity justifies an additional 15–20% discount on the year-end 2002 fair market value per share, in our view. Thus, we believe that a reasonable value for the shares is \$25 in 12 months and \$20 today.

While we recognize the unique risks created by the new financial disclosure, we are not changing our rating from Overweight. However, we are reducing our price target to

\$25. The impact of a \$1.5–2.0 billion sale of equity would erode our estimate of intrinsic value by \$2–3 per share in the best case. We have assumed a larger discount as the market's ability to absorb the shares could create sustained trading weakness.

While we recognize the unique risks created by the new financial disclosure, we are not changing our rating from Overweight. However, we are reducing our price target to \$25.

From an operational perspective, 4Q01 results were in line with our forecast. In addition, the 2002 digital and data subscriber guidance was above our previous estimates. As a result, we are raising our estimates of digital and data additions for 2002. These increases are offset at the revenue and EBITDA line by lower basic subscriber growth. We are reiterating our 2002 revenue and EBITDA growth expectations of 12.5–13.0% and 12.5–13.0%, respectively.

We are lowering our price target from \$35 to \$25 primarily to account for two issues.

- First, we believe that the market will assign a management-credibility discount, and we apply this to our target multiple by reducing it to 12.8 times 2003E EBITDA. This compares to the 13.5–14.0 times 2003E EBITDA target multiple for the other U.S. cable stocks. We think it is reasonable to expect that the high level of debt leverage will restrict the funding for the rollout of new services.
- Second, a large equity overhang exists now that the available bank lines have been reduced to \$2.5 billion, and there is the risk that Highland will draw down additional funds. Even with \$2.5 billion available, the company requires external financing of \$1.2 billion in 2003 assuming the \$975 million convertible bond is put to the company. We assigned a 15% IPO discount, in essence, which further reduced our price target from \$29 to \$25.

Disclosure of \$2.3 Billion in Recourse Debt at Highland
In its 4Q01 release, Adelphia stated that as of December 2001 the Rigas family investment company, Highland LP, had drawn down \$2.3 billion from credit lines that are guaranteed by Adelphia. While we were aware that Highland had the ability to draw down debt on three of its bank lines, we were not aware of the magnitude of the existing indebtedness and the use of these bank lines to finance purchases of Adelphia equity and convertible debt.

We believe that the disclosure of off-balance sheet indebtedness was not adequate. According to the 2000 10K: "Certain subsidiaries of Adelphia are co-borrowers with Managed Entities under facilities for borrowings of up to \$3.75 billion. Each of the co-borrowers is liable for all borrowings under the credit agreement, and may borrow up to the entire amount of the available credit under the facility. The lenders have no recourse against Adelphia other than against Adelphia's interest in such subsidiaries."

In addition, Adelphia did not report, in either the 2000 10K or the 10Qs in 2001, a specific contingent liability on its balance sheet or in its footnotes with respect to debt at Highland that was material and with recourse back to Adelphia. We assumed, incorrectly, that this nondisclosure implied that the level of debt at Highland drawn from bank lines with recourse to Adelphia was immaterial.

Risk of Conflict of Interest and Increased Indebtedness
We believe that the family's use of cross-guaranteed bank lines to finance, among other things, the continued purchase of ADLAC common stock and convertible instruments may represent a conflict of interest between the Rigas family and the ADLAC shareholders. The increased overall leverage at Adelphia (including the Highland debt) and the reduction in credit available to fund Adelphia's free cash flow deficit are both negatives for Adelphia shareholders.

It was not stated whether the \$2.3 billion is secured by the common shares and the convertible debt of Adelphia owned by Highland. It is also not stated whether the funding for the \$400 million 3.25% convertible notes that the Rigas family purchased on January 21, 2002, was included in the \$2.3 billion balance. Finally, it was not stated whether the \$2.3 billion is pro forma for the remaining \$50 million in Series E Preferred and \$150 million in Class B shares that the Rigas family has committed to purchasing by April 2002.

It was stated that a portion of the debt was used to finance the security purchases by Highland. Therefore, we are assuming that the \$2.3 billion is secured with all of the securities of Adelphia held by Highland.

Under the worst-case assumptions, the pro forma debt drawn down at Highland could be as high as \$2.9 billion. This would imply that Adelphia really has less than \$2.0 billion available on a pro forma basis if the Rigas family uses the bank lines to finance these additional three transactions.

Assets at Highland

There are known assets at Highland that in aggregate can more than offset the \$2.5 billion in bank debt at the Highland level (\$2.3 billion plus another \$200 million Rigas family purchases of Class B and Series E Preferred). These assets include:

- 300,000 cable subscribers with approximately \$1.2–1.5 billion in value
- 58 million Class A and B common shares of Adelphia stock, worth about \$950 million.
- \$567 million in convertible debt that can be put back to Adelphia.

There are three borrowing groups under Adelphia that have Highland as a co-borrower. In essence, each facility has both Adelphia and Highland assets securing the debt, and both companies have access to the entire credit line.

Financing Requirements

The consolidated debt at the end of 2001 was \$14.7 billion. Excluding ABIZ (Adelphia Business Solutions) debt of \$1.4 billion, the debt drops to \$13.3 billion. The debt was reduced to \$11.5 billion by the common equity and convertible debt and preferred proceeds of \$1.75 billion. The company has a funding gap of \$1.35 billion in 2002, plus \$525 million in maturing debt.

The \$1.35 billion funding gap, \$525 million of maturing debt, and non-cash interest accruals should lead to year-end 2002 debt of \$13.3 billion. The bank availability of \$2.5 billion immediately after the January sale of common and preferred stock is reduced by the \$1.35 million operating deficit and \$525 million of maturing debt. The remaining availability at the end of 2002 is just over \$600 million.

We believe that in 2003 Adelphia will require \$300–350 million in additional operating-deficit financing based on our assumption of \$1.35 billion in capital spending. There is another \$571 of maturing nonconvertible debt in 2003. This excludes the \$975 million convertible note outstanding that holders can put back to Adelphia in May 2003. If the convertible note, which has a \$43 conversion price, is put back to Adelphia, its funding requirements reach \$1.3 billion in 2003. This assumes the full drawdown of its remaining \$600 million availability.

We believe there are four key points regarding financing requirements:

- We assume that the \$2.5 billion available will not be drawn down further by Highland. However, Highland has access to the funds, according to the bank agreements.
- Adelphia is not in violation of any of its leverage covenants despite the increased drawdown of bank debt. The leverage covenants at the bank lines, which average 5.5 times debt to EBITDA, treat debt outside of the bank loans as equity rather than debt.
- Given the company's existing leverage levels, all additional financing in 2004 and beyond will most likely need to be equity.
- It is impossible to forecast potential bank drawdowns by Highland, because it is a private company and does not publicly file its capital requirements and interest payments.

Because the lenders view the borrowing groups as isolated, independent entities, there are no immediate requirements for Highland to reduce its debt. However, we believe that the lower credit availability than we had expected implies that the company will require an equity infusion or an asset sale in the next 12–18 months.

Possible Restructuring and the Effect on ADLAC Stock
We believe that two potential restructurings are of concern to investors.

- **Plan A:** collapsing Highland into Adelphia, including cancellation of the Rigas equity at Highland but the addition of the drawn debt at Highland onto Adelphia's balance sheet.

- **Plan B:** collapsing Highland into Adelphia but liquidating some portion of the Rigas equity at the Highland level to bring the leverage to a reasonable level.
- **Plan C:** collapsing Highland and then selling the company

Plan A: Plan A would increase Adelphia's overall 2002E debt/EBITDA leverage to 8.3 times and 7.6 times 2003E EBITDA. It would increase the debt by \$1.7 billion, add EBITDA of \$100 million from the Highland cable subscribers, and add \$50 million of EBITDA from other assets (principally real estate). The \$567 million in convertible debt would not be incremental, as it is a liability for Adelphia already.

However, because Plan A includes a net reduction of 58 million shares of stock, the collapse of Adelphia would actually increase the intrinsic value of the stock from \$29 to \$32. In essence, the higher debt is more than offset by a reduction in shares outstanding.

We believe that this strategy will not be pursued, for two reasons. First, 8.3 times leverage would not be accepted by the equity markets, in our opinion. Second, the Rigas family would lose control of its shares and Adelphia. Without a massive funding crisis, which we believe is at least 12–18 months away, we see no incentive for the family to pursue this strategy.

Plan B: The more probable situation is that the company collapses Highland and Adelphia, but the Rigases sell their 25 million Class A shares and 300,000 basic subscribers. We assume approximately \$400 million in proceeds from the equity, \$1.2 billion for the subscribers (12 times EBITDA), and the sale of the \$567 million of convertible debt for approximately \$300 million. This implies that the Rigas family would not give up their voting control of the company and would retain \$300–500 million in debt with the 32 million B shares as an asset.

The major risk in this strategy is that the Rigas family could ask for the Highland cable systems to be acquired by Adelphia for as much as \$1.5–1.8 billion. We believe that from a corporate governance perspective, the family has the ability to sell the systems to Adelphia at a multiple that would be dilutive to Adelphia shareholders. There is a lack of internal controls at the board level, we believe, leading to possible conflicts of interest.

Plan C: We believe that the private market value of the Adelphia cable systems would be at least \$4,000 per subscriber, or approximately \$27 per share, including the potential acquirer's assumption of \$2.3 billion debt beyond the \$14.7 billion in consolidated debt at year-end. The risk is that the company, including its balance-sheet and off-balance-sheet debt, would remain overlevered for any publicly traded cable operator.

Changes to our Forecast

We reiterate our 2002 revenue and EBITDA forecast calling for 12.5–13.0% and 12.0–12.5% growth, respectively. This is in line with management's guidance of 12–13% revenue and EBITDA growth in 2002. Adelphia's 2002 guidance of 820,000 digital and 400,000 data adds indicates that the company is poised to exceed our previous expectations for new RGU additions in 2002. As a result, we are making the following adjustments to our 2002 operating forecast:

- We are raising our 2002 digital additions forecast from 540,000 to 820,000. This revised forecast implies additions are down 15% from 2001 adds. Digital video should contribute 30% of 2002 revenue growth.
- We are raising our 2002 data-additions forecast from 340,000 to 410,000. Adelphia expects 90% of its footprint to be activated for high-speed data service by 2002. We expect weekly additions to climb throughout the year as the data product is sold into additional markets. We expect high-speed data to provide 30% of 2002 revenue growth.
- We are reducing our forecast of basic subscriber growth from 0.8% to 0.5%. We expect the lost basic revenue to be made up by higher digital and data revenue growth.

4Q01 Results

Adelphia's 4Q01 results were in line with our expectations. Cable revenue increased 14.5% in 4Q01, to \$809 million, in line with our estimate. Core video revenue (including basic,

premium, and digital video revenue) growth of 15.4% was partially offset by a decline in PPV revenue and analog set-top converter rental fees. Within the video revenue figure, weaker-than-expected basic subscriber growth was offset by higher-than-expected digital additions. We believe that this reflects the loss of basic subscribers to DBS but the retention of higher-EBITDA subscribers through successful marketing of Adelphia's digital product.

Digital subscribers reached 1.88 million in the quarter, approximately 24,000 more than we expected. Data subscribers reached 377,510, about 27,000 below our forecast. We attribute the shortfall in data subscribers not to a lack in demand but rather to a more significant impact from the @Home systems in Los Angeles in 4Q01. We expect Adelphia to aggressively roll out its data product in new markets throughout 2002, and we look for weekly data additions to increase throughout the year.

Cable EBITDA increased 15.4%, to \$372 million, in line with our estimate. EBITDA margins increased by 30 basis points in the quarter, reflecting a 13% decline in marketing expenses and 2% growth in G&A costs. Programming costs increased 18% in the quarter, slightly below our estimate. The growth in programming expenses stems from increased digital penetration.

We remain encouraged by Adelphia's ability to roll out its digital and data products while keeping a tight rein on marketing and G&A costs. Management indicated that it believes it can keep marketing expenses at the 4Q01 level of 3.5% of revenue. Adelphia's marketing controls are partly related to the company's price discounting on its data product to drive penetration.

Similar to other operators, Adelphia offers new data subscribers free installation and three months of data service for \$19.95; after that, the monthly rate increases to \$43. We support this strategy based on the fact that data churn has been minimal following the three-month discount period.

Exhibit B1
Adelphia Communications
Broadband Cable Drivers

Dollars in Millions	Pro Forma			1Q01	2Q01	3Q01	4Q01	1Q02E	2Q02E	3Q02E	4Q02E
	2000	2001	2002								
Broadband Subscribers											
Basic	5,794,790	5,818,253	5,834,399	5,723,315	5,672,325	5,693,835	5,816,353	5,828,711	5,823,326	5,825,941	5,834,399
Pro Forma Basic Growth %	1.3%	0.3%	0.5%	1.3%	1.0%	0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
Basic ARPU	\$30.24	\$31.90	\$33.77	\$30.80	\$31.95	\$32.04	\$32.47	\$32.47	\$33.77	\$34.42	\$34.42
Program. Costs as % of Analog Rev.	25.9%	27.2%	29.0%	27.3%	27.8%	27.7%	27.5%	28.7%	29.1%	29.1%	29.1%
Programming Costs per sub % Change	9.1%	9.1%	10.6%	8.5%	12.9%	12.3%	7.0%	9.2%	9.7%	11.6%	11.8%
Digital Video Subscribers											
Digital Video Subscribers	984,263	1,879,844	2,698,261	1,347,197	1,983,413	1,682,371	1,879,844	2,204,844	2,347,844	2,909,544	2,698,261
Digital Weekly Additions	12,891	18,746	15,754	26,380	19,709	13,766	15,129	25,000	11,000	12,500	14,517
Digital ARPU	\$7.30	\$11.72	\$11.38	\$11.33	\$11.22	\$11.15	\$11.15	\$11.25	\$11.25	\$11.30	\$11.50
Digital Penetration	15.6%	32.3%	46.2%	21.8%	26.5%	29.8%	32.3%	37.9%	40.3%	43.1%	46.2%
Digital Prog. Costs as % of Dig. Rev.	19.3%	19.6%	22.8%	0.0%	19.4%	19.8%	19.7%	22.0%	23.0%	23.0%	23.0%
Cable Modem Subscribers											
Cable Modem Subscribers	148,504	377,510	787,810	196,941	243,185	315,104	377,510	475,010	599,510	663,510	787,810
Cable Modem Weekly Additions	2,130	4,400	7,880	3,730	3,560	5,530	4,800	7,500	6,500	8,000	9,500
Cable Modem ARPU	\$34.02	\$26.37	\$31.10	\$26.28	\$27.77	\$26.78	\$27.75	\$29.77	\$30.23	\$30.78	\$32.78
Cable Modem Penetration	2.6%	6.5%	13.5%	3.4%	4.3%	5.5%	6.5%	8.2%	9.6%	11.4%	13.5%
Affiliate Fee as % of HSD service rev.	17.6%	19.7%	21.6%	19.8%	19.4%	19.8%	19.8%	21.2%	21.7%	21.7%	21.7%
Fixed Costs (1)											
Fixed Costs (% Change)	\$810.8	\$869.4	\$935.3	\$202.5	\$214.4	\$208.6	\$221.3	\$222.1	\$231.0	\$233.2	\$249.0
	-12.9%	7.2%	7.6%	22.7%	26.3%	23.0%	9.8%	9.7%	7.8%	11.8%	12.5%
Broadband (Incl. Telephony)											
Revenue Growth %	7.5%	11.8%	12.9%	24.6%	26.9%	23.5%	18.1%	0.7%	0.0%	2.2%	-0.5%
EBITDA Growth %	13.9%	11.8%	12.4%	18.3%	25.8%	27.7%	28.9%	24.3%	19.3%	19.8%	20.1%
EBITDA Margin %	46.0%	46.0%	45.8%	37.0%	38.3%	39.7%	37.7%	45.6%	45.7%	46.3%	45.4%
Broadband (Excl. Telephony)											
Revenue Growth %	7.3%	11.3%	12.8%	20.6%	24.4%	23.3%	16.3%	15.0%	14.1%	16.4%	15.9%
EBITDA Growth %	11.9%	11.0%	12.3%	16.3%	18.6%	18.9%	19.4%	15.5%	15.3%	16.3%	14.5%
EBITDA Margin %	46.1%	46.0%	45.8%	45.5%	45.3%	46.4%	46.0%	45.7%	45.7%	46.3%	45.5%

(1) CrdA, marketing and plant operations for both cable and residential telephony operations

E= Morgan Stanley Research Estimates

Exhibit B2
Adelphia Communications
Estimated 2002 Fair Market Value

Asset Description	Excluding Highland				Highland Adjustments	With Highland Total Adelphia Communications
	Cable Operations	Commercial Telephony	Other Liabilities & Investments	Total Adelphia Communications		
Core Cable Television Operations	\$21,113.8			\$21,113.8	\$1,200.0	\$22,313.8
Telephony	2,235.3			2,235.3		2,235.3
Commercial Telephony		146.2		146.2		146.2
Other Investments						
Empire Sports			55.0	55.0		55.0
Other Investments			100.0	100.0		100.0
Total Estimated Asset Value	\$23,349.2	\$146.2	\$155.0	\$23,650.4	\$1,200.0	\$24,850.4
Less:						
Debt	13,257.0	0.0		13,257.0	2,284.0	15,541.0
3.25% Convertible Subordinated Notes due 2021 @ \$43.76	0.0			0.0	(400.0)	(400.0)
6% Convertible Notes due 2006 @ \$55.50	0.0			0.0	(167.4)	(167.4)
Net Debt	13,257.0			13,257.0	1,716.6	14,973.6
Preferred Stock	1,573.5			1,573.5	0.0	1,573.5
Series D 5.5% Convertible Pfd. @ \$81.45	0.0			0.0		0.0
Series E 7.5% Mandatory Convertible Pfd. due 2004 @ \$25.08	(350.0)			(350.0)		(350.0)
Series F 7.5% Mandatory Convertible Pfd. due 2005 @ \$29.99	0.0			0.0		0.0
Net Preferred Stock	1,223.5	0.0	0.0	1,223.5	0.0	1,223.5
Contingent Liability - Adelphia Business Solutions		500.0	0.0	500.0		500.0
Minority Interest - Los Angeles JV	642.0			642.0		642.0
Minority Interest - Western NY JV	310.9			310.9		310.9
Minority Interest - San Juan JV	239.2			239.2		239.2
Plus:						
Cash			157.4	157.4		157.4
Cash from Stock Options			21.7	21.7		21.7
Total Fair Market Value	\$7,676.7	(\$353.8)	\$334.1	\$7,657.0	(\$516.6)	\$7,140.4
Class A Shares Outstanding	231.7	231.7	231.7	231.7	(25.6)	206.1
Class B Shares Outstanding	32.7	32.7	32.7	32.7	(32.6)	0.1
3.25% Convertible Subordinated Notes due 2021 @ \$43.76	0.0	0.0	0.0	0.0		0.0
6% Convertible Notes due 2006 @ \$55.50	0.0	0.0	0.0	0.0		0.0
Series D 5.5% Convertible Pfd. @ \$81.45	0.0	0.0	0.0	0.0		0.0
Series E 7.5% Mandatory Convertible Pfd. due 2004 @ \$25.08	14.0	14.0	14.0	14.0	(2.0)	12.0
Series F 7.5% Mandatory Convertible Pfd. due 2005 @ \$29.99	0.0	0.0	0.0	0.0		0.0
Stock Options	0.5	0.5	0.5	0.5		0.5
Total Adelphia Adjusted Comm. Shares Outstanding	278.775	278.775	278.775	278.775	(60.1)	218.6
Total Fair Market Value Per Share	\$27.54	(\$1.27)	\$1.28	\$27.47		\$32.66
Forced Equity Event Discount (15%)				(\$4.12)		
2002 Price Target				\$23.35		
Supplemental Valuation Data						
Estimated Asset Value	\$23,349.2	\$146.2		\$23,495.4	\$1,200.0	\$24,695.4
2002E EBITDA	\$1,635.4	12.6		\$1,648.0	\$150.0	\$1,798.0
Est. Asset Value / Est. EBITDA	14.3x	11.6x		14.3x		13.7x
2003E Cable/Telephony EBITDA	\$1,843.2	\$13.2		\$1,856.4	\$169.0	\$2,025.3
Est. Asset Value / 2003E EBITDA	12.7x	11.1x		12.7x		12.2x
2002E Basic Subscribers	5,836,399				300,000	6,136,399
Est. Asset Value per Basic Subscriber	\$4.001					\$4.024

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 63

**Adelphia Communications
Current Trading Multiples**
(In Million Except Per Share Data)

04/03/02	Current Price		Including Highland		
	2002E	2003E	Adjustments	2002E	2003E
Class A Common Stock - Shares Outstanding	232.830	233.992	(25.600)	207.230	208.392
Adelphia - Stock Price	\$10.00	\$10.00	10.00	10.00	10.00
Class B Common Stock - Shares Outstanding	32.681	32.844	(32.555)	0.125	0.289
Adelphia - Stock Price	\$10.00	\$10.00	10.00	10.00	10.00
Total Equity Market Capitalization	\$2,655.1	\$2,668.4	(\$581.6)	\$2,073.6	\$2,086.8
<i>Plus:</i>					
Debt	13,257.0	13,905.2	2,284.0	15,541.0	16,189.2
Contingent Liability	500.0	500.0	0.0	500.0	500.0
Convertible Debt	0.0	0.0	(567.4)	(567.4)	(567.4)
Net Debt	13,757.0	14,405.2	1,716.6	15,473.6	16,121.8
Preferred Stock	1,573.5	1,573.5	0.0	1,573.5	1,573.5
Minority Interests	1,192.0	1,192.0	0.0	1,192.0	1,192.0
<i>Less:</i>					
Cash	157.4	157.4	0.0	157.4	157.4
Cash from Stock Options	21.7	21.7	0.0	21.7	21.7
<i>Other Investments</i>					
ABIZ	0.0	0.0	0.0	0.0	0.0
UnitedGlobalCom (2.394 mm Share Equivalents)	0.0	0.0	0.0	0.0	0.0
@Home (5.260 mm warrant)	0.0	0.0	0.0	0.0	0.0
International Cable	0.0	0.0	0.0	0.0	0.0
Empire Sports	55.0	55.0	0.0	55.0	55.0
Other Investments	100.0	100.0	0.0	100.0	100.0
Total Other Assets	155.0	155.0	0.0	155.0	155.0
Net Market Capitalization	\$18,843.5	\$19,504.9	\$1,135.0	\$19,978.5	\$20,640.0
Concurrent EBITDA	\$1,648.0	\$1,856.4	\$150.0	\$1,798.0	\$2,006.4
Net Market Cap. / EBITDA	11.4x	10.5x		11.1x	10.3x
Next Fiscal Year Est. EBITDA	\$1,856.4	\$2,075.7	\$169.0	\$2,025.3	\$2,244.7
Net Market Cap. / EBITDA	10.2x	9.4x		9.9x	9.2x
Next Fiscal Year Est. EBITA	\$684.1	\$826.0	\$142.0	\$826.1	\$967.9
Net Market Cap. / EBITA	27.5x	23.6x		24.2x	21.3x

E= Morgan Stanley Research

Broadband Cable Television - April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 64

Adelphia Communications
Consolidated Annual Income Statement

(\$ Millions, except per-share data)

	2000	2001	Pro Forma		2002E	2003E	2004E	2005E	2006E
			2000	2001					
Revenues	\$2,909.4	\$3,580.1	\$2,854.7	\$3,190.3	\$3,601.9	\$4,117.2	\$4,693.7	\$5,357.3	\$6,072.0
Operating Expenses	1,817.7	2,214.3	1,542.8	1,724.1	1,953.9	2,260.8	2,617.9	3,061.5	3,477.1
EBITDA	\$1,091.7	\$1,365.8	\$1,311.9	\$1,466.2	\$1,648.0	\$1,856.4	\$2,075.7	\$2,295.7	\$2,594.9
Operating Cash Flow Margin	37.5%	38.1%	46.0%	46.0%	45.8%	45.1%	44.2%	42.9%	42.7%
Depreciation	459.1	804.7	459.1	804.7	963.9	1,030.4	1,043.2	1,053.8	1,063.5
EBITA	632.6	561.1	852.8	661.6	684.1	826.0	1,032.5	1,242.0	1,531.4
Amortization	408.8	482.4	408.8	482.4	0.0	0.0	0.0	0.0	0.0
EBIT	223.81	78.8	444.0	179.2	684.1	826.0	1,032.5	1,242.0	1,531.4
Cash Interest Expense	819.3	1,068.2	823.1	991.4	893.2	960.1	1,033.7	1,057.9	1,011.6
Non-cash Interest Expense	103.5	104.6	91.6	104.6	65.0	32.7	35.8	39.1	42.7
Operating Profit after Interest	(699.1)	(1,094.0)	(470.7)	(916.8)	(274.1)	(166.9)	(37.0)	144.9	477.1
Interest Income and Other	56.4	566.0	47.4	144.8	6.3	6.3	6.3	6.3	6.3
Pretax Profit Before Equity Interest	(\$642.6)	(\$528.0)	(\$423.3)	(\$772.0)	(\$267.8)	(\$160.6)	(\$30.7)	\$151.2	\$483.4
Income (Loss) from Equity Interests	(28.3)	(1.8)	(68.4)	(28.3)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Income/(Loss) Before Taxes	(670.9)	(529.8)	(491.6)	(800.3)	(269.6)	(162.4)	(32.5)	149.4	481.6
Deferred Taxes	(138.7)	(111.9)	(31.2)	(156.8)	(234.1)	(195.5)	(148.7)	(83.2)	18.2
Current Taxes	(18.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2
Income (Loss) Before Extra. Items	(513.3)	(417.9)	(460.4)	(643.5)	(35.5)	33.1	116.2	232.6	445.2
Extraordinary Items (After Taxes)	0.0	(5.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preferred Dividends	(91.1)	(91.1)	(35.1)	(91.1)	(94.1)	(114.7)	(101.6)	(69.7)	(50.9)
Net Income/(Loss)	(604.4)	(514.5)	(495.5)	(734.6)	(129.6)	(81.6)	14.7	163.0	394.3
Average Basic Shares Outstanding	135.5	177.2	135.5	177.2	261.8	290.7	291.9	293.0	294.1
Reported Basic EPS	(\$4.46)	(\$2.87)	(\$3.66)	(\$4.15)	(\$0.49)	(\$0.28)	\$0.05	\$0.56	\$1.34
Average Fully Diluted Shares Outstanding	142.4	210.0	135.5	177.2	261.8	290.7	346.0	347.4	348.7
Reported Fully Diluted EPS	(\$4.46)	(\$2.87)	(\$3.66)	(\$4.15)	(\$0.49)	(\$0.28)	\$0.04	\$0.47	\$1.13
Less: Extraordinary and Nonrecurring Items per Share	(\$0.35)	\$1.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Fully Diluted EPS	(\$4.11)	(\$4.03)	(\$3.66)	(\$4.15)	(\$0.49)	(\$0.28)	\$0.04	\$0.47	\$1.13
Plus: Amortization per Share	\$2.87	\$2.30	\$3.02	\$2.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Less: Equity Income / (Losses) from Affiliates	(\$0.20)	(\$0.01)	(\$0.50)	(\$0.16)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Adjusted Fully Diluted Revised EPS	(\$1.05)	(\$1.73)	(\$0.14)	(\$1.26)	(\$0.49)	(\$0.27)	\$0.05	\$0.47	\$1.14

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 65

**Adelphia Communications
Balance Sheet Forecast**

	2000	2001	2002E	2003E	2004E	2005E	2006E
Cash & Marketable Securities	\$124.6	\$157.4	\$157.4	\$157.4	\$157.4	\$157.4	\$157.4
Accounts Receivable	251.7	309.7	311.6	356.1	406.0	463.4	525.2
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets	376.3	467.1	469.0	513.5	563.4	620.8	682.6
Prop., Plant, & Equip.	7,700.8	10,001.8	11,203.0	11,466.1	11,485.2	11,697.9	11,699.1
Accumulated Depreciation	1,575.9	1,853.5	1,908.1	1,920.1	1,920.9	1,930.6	1,930.7
Net Prop., Plant, & Equip. (Rpt)	6,124.8	8,148.3	9,294.9	9,546.1	9,564.3	9,767.3	9,768.5
Investments in Unconsolidated Investments	247.0	280.9	280.9	280.9	280.9	280.9	280.9
Intangible Assets	14,091.4	14,722.0	14,722.0	14,722.0	14,722.0	14,722.0	14,722.0
Other Assets	660.0	660.0	660.0	660.0	660.0	660.0	660.0
Total Assets	\$21,499.5	\$24,278.2	\$25,426.7	\$25,722.4	\$25,790.5	\$26,051.0	\$26,113.9
Short-term Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Account Payable	845.5	1,036.8	863.0	780.7	655.3	747.9	847.7
Other Current Liabilities	58.2	58.2	58.2	58.2	58.2	58.2	58.2
Total Current Liabilities	903.7	1,095.1	921.3	838.9	713.5	806.2	905.9
Long-term Debt	12,603.4	14,731.7	13,257.0	13,905.2	14,575.1	15,154.7	14,696.5
Minority Interest	616.2	616.2	616.2	616.2	616.2	616.2	616.2
Deferred Taxes	2,074.0	1,962.1	1,728.0	1,532.6	1,383.9	1,300.6	1,318.8
Other Liabilities	1,768.1	610.6	2,348.7	2,355.6	2,363.2	2,371.6	2,380.6
Preferred Equity	1,020.6	1,358.9	1,573.5	1,573.5	1,223.5	723.5	723.5
Common Equity	3,129.6	4,519.8	5,598.2	5,516.6	5,531.3	5,694.2	6,088.5
Total Equity	4,150.3	5,878.7	7,171.8	7,090.2	6,754.8	6,417.8	6,812.1
Total Liabilities & Equity	\$21,499.5	\$24,278.2	\$25,426.7	\$25,722.4	\$25,790.5	\$26,051.0	\$26,113.9

E= Morgan Stanley Research Estimates

Exhibit 86

Adelphia Communications
Debt Capitalization Forecast

(\$ Million)

	2000	2001E	Pro Forma 2001	2002E	2003E	2004E	2005E	2006E
Parent Company and Cable Subsidiary Debt								
Notes to Banks and Institutions	5,160.0	4,146.1	1,977.8	4,132.9	6,294.3	7,178.9	8,098.9	9,541.2
Capital Lease Obligations/Other	148.9	148.9	148.9	148.9	148.9	148.9	148.9	148.9
10.25% Senior Notes due 2006	0.0	500.0	500.0	500.0	500.0	500.0	500.0	0.0
9.25% Senior Notes due 2002	325.0	325.0	325.0	0.0	0.0	0.0	0.0	0.0
8.175% Senior Notes due 2003	149.6	149.6	149.6	149.6	0.0	0.0	0.0	0.0
10.5% Senior Notes due 2004	150.0	150.0	150.0	150.0	150.0	0.0	0.0	0.0
7.5% Senior Notes due 2004	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0
7.75% Senior Notes due 2009	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
7.875% Senior Notes due 2009	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
9.875% Senior Notes due 2007	348.0	348.0	348.0	348.0	348.0	348.0	348.0	348.0
8.375% Senior Notes due 2008	299.3	299.3	299.3	299.3	299.3	299.3	299.3	299.3
9.875% Senior Debentures due 2005	128.9	128.5	128.5	128.7	128.9	128.5	0.0	0.0
9.375% Due 2008	496.5	496.5	496.5	496.5	496.5	496.5	496.5	496.5
10.875% Due 2010	744.5	744.5	744.5	744.5	744.5	744.5	744.5	744.5
10.25% Due 2011	0.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Subtotal	8,700.7	9,186.4	7,018.1	8,848.4	10,860.5	11,494.6	12,286.1	13,228.4
Century								
9.344% Senior Notes due 2002	201.0	201.0	201.0	0.0	0.0	0.0	0.0	0.0
Zero Coupon Senior Discount Notes due 2003	354.4	386.5	386.5	421.6	0.0	0.0	0.0	0.0
9.12% Senior Notes due 2005	251.0	251.0	251.0	251.0	251.0	251.0	0.0	0.0
8.78% Senior Notes due 2007	243.8	243.8	243.8	243.8	243.8	243.8	243.8	243.8
8.344% Senior Notes due 2007	217.4	217.4	217.4	217.4	217.4	217.4	217.4	217.4
8.38% Senior Notes due 2017	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4
8.38% Senior Notes due 2007	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9
Senior Discount Notes due 2008, Series B	296.4	323.9	323.9	353.8	386.6	422.4	461.5	504.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	1,753.4	1,813.0	1,813.0	1,677.0	1,288.1	1,323.9	1,112.1	1,154.8
Frontier/Vision Partners								
11% Senior Subordinated Notes due 2006	210.7	210.7	210.7	210.7	210.7	210.7	210.7	0.0
11.875% Senior Subordinated Notes due 2007	313.3	313.3	313.3	313.3	313.3	313.3	313.3	313.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	524.0	524.0	524.0	524.0	524.0	524.0	524.0	313.3
Olympus Communications								
10.625% Due 2006	203.0	203.0	203.0	203.0	203.0	203.0	203.0	0.0
Other Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	203.0	203.0	203.0	203.0	203.0	203.0	203.0	0.0
Adelphia Cable Debt (excluding Convertibles)								
	11,181.1	11,726.5	9,558.2	11,252.5	12,875.7	13,545.6	14,125.2	14,696.5
Other Debt	31.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.25% Convertible Subordinated Notes due 2021	0.0	575.0	975.0	975.0	0.0	0.0	0.0	0.0
6.0% Convertible Notes due 2006	0.0	1,029.5	1,029.5	1,029.5	1,029.5	1,029.5	1,029.5	0.0
Adelphia Cable Debt	\$11,213.0	\$13,331.0	\$11,562.7	\$13,257.0	\$13,905.2	\$14,575.1	\$15,154.7	\$14,696.5
Hyperion Debt								
Bank Debt	548.6	521.8	521.8	0.0	0.0	0.0	0.0	0.0
13% Senior Discount Notes of Hyperion due 2003	291.9	329.0	329.0	0.0	0.0	0.0	0.0	0.0
12.25% Senior Secured Notes of Hyperion due 2004	250.0	250.0	250.0	0.0	0.0	0.0	0.0	0.0
12.000% Senior Subordinated Notes of Hyperion due 200	300.0	300.0	300.0	0.0	0.0	0.0	0.0	0.0
Subtotal	1,390.5	1,400.8	1,400.8	0.0	0.0	0.0	0.0	0.0
Total Debt including Convertible	12,603.4	14,731.7	12,963.4	13,257.0	13,905.2	14,575.1	15,154.7	14,696.5
Consolidated (Debt Only)								
Total Forward EBITDA	\$1,456.2	\$1,635.4	\$1,648.0	\$1,856.4	\$2,075.7	\$2,295.7	\$2,594.9	\$2,909.2
Total Debt (w/out Convertibles) / EBITDA	7.7x	7.2x	5.8x	6.1x	6.2x	5.9x	5.4x	5.1x
Cable Forward EBITDA	\$1,456.2	\$1,635.4	\$1,635.4	\$1,859.7	\$2,094.0	\$2,310.5	\$2,514.5	\$2,686.3
Cable Debt (w/ Converts) / EBITDA	7.7x	8.2x	7.1x	7.1x	6.6x	6.3x	6.0x	5.5x
Consolidated Debt / EBITDA	8.7x	9.0x	7.9x	7.1x	6.6x	6.3x	6.0x	5.5x
Total Forward EBITDA	\$1,466.2	\$1,648.0	\$1,648.0	\$1,856.4	\$2,075.7	\$2,295.7	\$2,594.9	\$2,909.2
Total Debt (w/out Convertibles) / EBITDA	7.6x	8.1x	7.0x	7.1x	6.7x	6.3x	5.8x	5.1x
Consolidated Debt / EBITDA	8.6x	8.9x	7.9x	7.1x	6.7x	6.3x	5.8x	5.1x

E = Morgan Stanley Research Estimates

Broadband Cable Television - April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 67

**Adelphia Communications
Rigas Family Contribution 1998-Today***Dollars in Millions*

Closing Date	Instrument	Common Share Equivalents	Total Value	Implied Per Share
11/9/2001	Class B Common Shares**	7,500,000	\$155.6	\$20.75
11/9/2001	Series E Mandatory Pfd Stock**	1,993,620	\$50.0	\$25.08
1/21/2002	3.25% Convertible Notes due 2021	9,140,768	\$400.0	\$43.76
10/22/2001	Class B Common Shares	5,819,367	\$259.9	\$44.66
10/22/2001	6% Convertible Notes due 2006	3,016,216	\$167.4	\$55.50
1/21/2000	Class B Common Shares	5,901,522	\$375.0	\$63.54
7/3/2000	Class B Common Shares	2,500,000	\$145.0	\$58.00
1/14/1999	Class B Common Shares	4,000,000	\$173.0	\$43.25
8/8/1998	Class A Common Shares	4,090,315	\$125.0	\$30.56
Total		43,961,808	\$1,850.9	\$42.10

* Includes securities issued to Highland L.P., an investment company controlled by the Rigas family.

** Expected to close by August 2002.

Source: Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 68

**Adelphia Communications
Pro Forma Family Ownership Level**

		Adelphia Shares		
		Class B	Class A	Total
As of 9/30/01		19.2	25.6	44.8
		32.6		
Closing Date	Transactions since 9/30/01	Class B	Class A	Total
10/22/2001	Class B Common Shares	5.8		
10/22/2001	6% Convertible Notes due 2006	3.0		
1/21/2002	3.25% Convertible Notes due 2021	9.1		
11/9/2001	Class B Common Shares**	7.5		
11/9/2001	Series E Mandatory Pfd Stock**	2.0		
		27.5		
Pro Forma Rigas Total		46.7	25.6	72.3
Pro Forma Total Shares ***		46.7	297.3	344.0
% Ownership		100%	9%	21%

** Expected to close by August 2002.

*** Fully diluted including all convertible debt and convertible preferred equity.

Source: Morgan Stanley Research Estimates

Exhibit 89

Adelphia Communications
Revenue and Operating Cash Flow Comparisons, Quarterly

(\$ Millions)

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Cable/Telephony Revenue								
Analog	\$677.7	\$711.8	\$706.6	\$720.6	\$729.8	\$762.4	\$770.4	\$776.4
Digital Cable	36.5	46.3	53.3	59.6	68.9	76.8	83.8	89.8
High-Speed Data	13.6	18.3	22.4	28.8	38.1	46.9	56.5	71.3
Total Cable Television Revenue	\$727.8	\$776.4	\$782.3	\$809.0	\$836.8	\$886.1	\$910.6	\$937.6
Growth %	20.6%	24.4%	23.3%	16.3%	15.0%	14.1%	16.4%	15.9%
Telephony (Residential & Commercial)	110.3	116.9	116.3	141.0	7.4	7.5	7.8	8.0
Total Cable/Telephony Revenue	\$838.2	\$893.3	\$898.6	\$950.0	\$844.1	\$893.7	\$918.4	\$945.6
Growth %	24.6%	26.9%	23.5%	18.1%	0.7%	0.0%	2.2%	-0.5%
Cable/Telephony Gross Profit								
Analog	\$492.9	\$513.8	\$510.5	\$522.4	\$520.6	\$540.4	\$546.1	\$550.2
Digital Cable	29.4	37.2	42.8	47.8	53.7	59.1	64.5	69.2
High-Speed Data	10.9	14.8	18.0	23.1	30.0	36.7	44.2	55.8
Total Cable Television Gross Profit	\$533.3	\$565.8	\$571.3	\$593.4	\$604.3	\$636.3	\$654.8	\$675.2
Gross Profit Margin	73.3%	72.9%	73.0%	73.3%	72.2%	71.8%	71.9%	72.0%
Telephony (Residential & Commercial)	57.1	62.3	68.7	81.9	5.2	5.3	5.5	5.7
Total Cable/Telephony Gross Profit	\$590.4	\$628.1	\$640.0	\$675.3	\$609.5	\$641.6	\$660.4	\$681.0
Gross Profit Margin	70.4%	70.3%	71.2%	71.1%	72.2%	71.8%	71.9%	72.0%
Cable/Telephony EBITDA								
Core Cable Television EBITDA	330.8	351.4	362.7	372.1	382.2	405.3	421.7	426.2
Growth %	16.3%	18.4%	18.9%	19.4%	15.5%	15.3%	16.3%	14.5%
Telephony EBITDA	(20.9)	(9.2)	(5.6)	(14.3)	2.9	3.0	3.2	3.4
Total Cable/Telephony EBITDA	\$309.9	\$342.2	\$357.1	\$357.9	\$385.1	\$408.3	\$424.9	\$429.6
Growth %	18.3%	25.6%	27.7%	28.9%	24.3%	19.3%	19.0%	20.1%
Cable/Telephony EBITDA								
Total Cable Margins excl. Telephony	45.5%	45.3%	46.4%	46.0%	45.7%	45.7%	46.3%	45.5%
Telephony Margins	NM	NM	NM	NM	NM	NM	NM	NM
Total Cable/Telephony Margins	37.0%	38.3%	39.7%	37.7%	45.6%	45.7%	46.3%	45.4%

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 70

**Adelphia Communications
Revenue and Operating Cash Flow Comparisons, 2000-2006E**

(\$ Millions)

	2000	2001	Pro Forma		2002E	2003E	2004E	2005E	2006E
			2000	2001					
Cable/Telephony Revenue									
Analog	\$2,469.5	\$2,816.6	\$2,756.9	\$2,886.4	\$3,039.0	\$3,219.9	\$3,437.4	\$3,636.4	\$3,821.6
Digital Cable	49.9	195.7	49.9	195.7	319.3	433.5	546.9	640.4	711.8
High-Speed Data	38.0	83.2	38.0	83.2	212.8	422.9	611.7	819.0	1,028.6
Total Cable Television Revenue	\$2,557.4	\$3,095.5	\$2,844.7	\$3,165.3	\$3,571.1	\$4,076.4	\$4,596.1	\$5,095.8	\$5,562.0
Growth %	125.6%	21.0%	7.3%	11.3%	12.8%	14.1%	12.7%	10.9%	9.1%
Telephony (Residential & Commercial)	352.0	484.6	10.0	25.0	30.7	40.8	97.6	261.4	510.0
Total Cable/Telephony Revenue	\$2,909.4	\$3,580.1	\$2,854.7	\$3,190.3	\$3,601.9	\$4,117.2	\$4,693.7	\$5,357.3	\$6,072.0
Growth %	125.9%	23.1%	7.5%	11.8%	12.9%	14.3%	14.0%	14.1%	13.3%
Cable/Telephony Gross Profit									
Analog	\$1,829.6	\$2,039.7	\$2,043.3	\$2,101.5	\$2,157.4	\$2,252.1	\$2,372.4	\$2,487.3	\$2,596.0
Digital Cable	40.3	157.3	40.3	157.3	246.6	317.4	378.5	417.7	435.7
High-Speed Data	31.3	66.8	31.3	66.8	166.8	325.2	463.7	620.0	777.8
Total Cable Television Gross Profit	\$1,901.2	\$2,263.8	\$2,114.8	\$2,325.6	\$2,570.7	\$2,894.8	\$3,214.6	\$3,525.0	\$3,809.5
Gross Profit Margin	74.3%	73.1%	74.3%	73.5%	72.0%	71.0%	69.9%	69.2%	68.5%
Telephony (Residential & Commercial)	184.1	269.4	184.1	269.4	21.8	23.8	48.3	128.5	262.5
Total Cable/Telephony Gross Profit	\$2,085.3	\$2,533.2	\$2,298.9	\$2,595.0	\$2,592.5	\$2,918.6	\$3,262.9	\$3,653.5	\$4,072.0
Gross Profit Margin	71.7%	70.8%	80.5%	81.3%	72.0%	70.9%	69.5%	68.2%	67.1%
Cable/Telephony EBITDA									
Core Cable Television EBITDA	1,197.9	1,415.8	1,311.9	1,456.2	1,635.4	1,859.7	2,094.0	2,310.5	2,514.5
Growth %	107.7%	18.2%	11.9%	11.0%	12.3%	13.7%	12.6%	10.3%	8.8%
Telephony EBITDA	(106.2)	(50.0)	0.0	10.0	12.6	(3.4)	(18.3)	(14.8)	80.4
Total Cable/Telephony EBITDA	\$1,091.7	\$1,365.8	\$1,311.9	\$1,466.2	\$1,648.0	\$1,856.4	\$2,075.7	\$2,295.7	\$2,594.9
Growth %	105.9%	25.1%	13.9%	11.8%	12.4%	12.6%	11.8%	10.6%	13.0%

E= Morgan Stanley Research Estimates

Exhibit 71
Adelphia Communications
Consolidated Cable Television Operations, Quarterly

(\$ Millions, except per-share data)

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Homes Passed	9,278,726	9,273,241	9,320,280	9,549,011	9,584,820	9,620,629	9,620,629	9,692,246
% Change	19.2%	18.5%	16.0%	9.0%	3.3%	3.7%	3.2%	1.5%
Basic Subscribers	5,723,315	5,672,225	5,693,035	5,810,253	5,820,711	5,823,326	5,825,941	5,836,399
% Change	14.4%	13.0%	9.7%	4.7%	1.7%	2.7%	2.3%	0.4%
Homes Passed Penetration	61.7%	61.2%	61.1%	60.8%	60.7%	60.5%	60.6%	60.2%
Premium Subscriptions	2,804,970	2,779,931	2,790,130	2,847,378	2,905,426	2,861,195	2,867,338	2,950,780
% Change	20.1%	18.7%	15.1%	10.0%	3.6%	2.9%	2.8%	3.6%
Basic subscriber Penetration	49.0%	49.0%	49.0%	49.0%	49.9%	49.1%	49.2%	50.6%
Digital Subscriptions	1,247,197	1,503,413	1,682,371	1,879,044	2,204,044	2,347,044	2,509,544	2,698,261
% Change	328.0%	339.5%	221.8%	107.8%	76.7%	56.1%	49.2%	43.6%
Homes Passed Penetration	13.4%	16.2%	18.1%	19.7%	23.0%	24.4%	26.1%	27.8%
Basic subscriber Penetration	21.8%	26.5%	29.6%	32.3%	37.9%	40.3%	43.1%	46.2%
Premium Subscriber Penetration	44.5%	54.1%	60.3%	66.0%	75.9%	82.0%	87.5%	91.4%
HSCDS Subscribers	196,941	243,185	315,104	377,510	475,010	559,510	663,510	787,010
% Change	297.3%	241.8%	200.3%	154.2%	141.2%	130.1%	110.6%	108.5%
Homes Passed Penetration	2.1%	2.6%	3.4%	4.0%	5.0%	5.8%	6.9%	8.1%
Basic subscriber Penetration	3.4%	4.3%	5.5%	6.5%	8.2%	9.6%	11.4%	13.5%
Monthly Reg. Rev. per Basic Sub.	\$33.15	\$34.25	\$34.18	\$34.61	\$34.89	\$36.15	\$36.63	\$36.63
% Change	1.0%	3.2%	4.1%	3.1%	5.2%	5.5%	7.2%	5.8%
Monthly Reg. & Unreg. Rev. per Basic Sub.	\$40.27	\$41.67	\$41.45	\$42.05	\$41.83	\$43.65	\$44.09	\$44.38
% Change	2.5%	3.2%	4.6%	3.4%	3.9%	4.8%	6.4%	5.5%
Monthly Digital Video Rev. per Digital Sub.	\$11.33	\$11.22	\$11.15	\$11.15	\$11.25	\$11.25	\$11.50	\$11.50
% Change	22.4%	27.2%	44.3%	-1.2%	-0.7%	0.3%	3.1%	3.1%
Monthly HSCDS Rev. per HSCDS Sub.	26.28	27.77	26.78	27.75	29.77	30.23	30.78	32.78
% Change	-51.2%	-43.0%	-36.2%	-4.4%	13.3%	8.8%	14.9%	18.1%
Regulated Analog Revenues	\$557.9	\$585.1	\$582.7	\$593.1	\$608.7	\$631.3	\$640.0	\$640.7
% Change	13.3%	17.2%	14.7%	8.8%	9.1%	7.9%	9.8%	8.0%
Premium and Non-regulated Revenues	119.7	126.7	123.9	127.5	121.1	131.1	130.4	135.7
% Change	23.6%	17.6%	17.8%	10.6%	1.1%	3.5%	5.2%	6.5%
Digital Video Revenues	36.5	46.3	53.3	59.6	68.9	76.8	83.8	89.8
% Change	401.1%	452.3%	431.5%	146.5%	88.5%	66.0%	57.2%	50.8%
HSCDS Revenues	13.6	18.3	22.4	28.8	38.1	46.9	56.5	71.3
% Change	93.6%	107.8%	102.4%	161.4%	179.5%	155.8%	151.8%	147.4%
Total Revenue	\$727.8	\$776.4	\$782.3	\$809.0	\$836.8	\$886.1	\$910.6	\$937.6
% Change	20.6%	24.4%	23.3%	16.3%	15.0%	14.1%	16.4%	15.9%

E= Morgan Stanley Research Estimate.

Exhibit 72

**Adelphia Communications
Consolidated Cable Television Operations, Quarterly (continued)***(\$ Millions, except per-share data)*

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Total Revenue	\$727.8	\$776.4	\$782.3	\$809.0	\$836.8	\$886.1	\$910.6	\$937.6
% Change	20.6%	24.4%	23.3%	16.3%	15.0%	14.1%	16.4%	15.9%
Analog Programming Costs	\$184.8	\$197.9	\$196.1	\$198.1	\$209.2	\$222.0	\$224.3	\$226.2
% of Total Analog Revenue	27.3%	27.8%	27.7%	27.5%	28.7%	29.1%	29.1%	29.1%
Digital Prog. & Direct Costs	7.1	9.1	10.5	11.8	15.2	17.7	19.3	20.7
% of Total Digital Revenue	19.4%	19.6%	19.7%	19.7%	22.0%	23.0%	23.0%	23.0%
HSCDS Direct Operating Costs	2.7	3.6	4.4	5.7	8.1	10.2	12.2	15.5
% of Total HSCDS Revenue	19.8%	19.4%	19.8%	19.8%	21.2%	21.1%	21.7%	21.7%
Total Programming and Direct Costs	194.6	210.6	211.0	215.6	232.4	249.9	255.8	262.4
% of Total HSCDS Revenue	26.7%	27.1%	27.0%	26.7%	27.8%	28.2%	28.1%	28.0%
Analog Service Gross Profit	492.9	513.8	510.5	522.4	520.6	540.4	546.1	550.2
% of Total Analog Revenue	72.7%	72.2%	72.3%	72.3%	71.3%	70.9%	70.9%	70.9%
Digital Service Gross Profit	29.4	37.2	42.8	47.8	53.7	59.1	64.5	69.2
% of Total Digital Revenue	80.6%	80.4%	80.3%	80.3%	78.0%	77.0%	77.0%	77.0%
HSCDS Gross Profit	10.9	14.8	18.0	23.1	30.0	36.7	44.2	55.8
% of Total HSCDS Revenue	80.2%	80.6%	80.2%	80.2%	78.8%	78.3%	78.3%	78.3%
Total Gross Profit	\$533.3	\$565.8	\$571.3	\$593.4	\$604.3	\$636.3	\$654.8	\$675.2
% of Total Revenue	73.3%	72.9%	73.0%	73.3%	72.2%	71.8%	71.9%	72.0%
Other Operating Costs	67.4	73.5	74.7	82.2	76.0	80.8	81.4	94.3
% of Total Revenues	9.3%	9.5%	9.6%	10.2%	9.1%	9.1%	8.9%	10.1%
Marketing Costs	28.0	29.6	25.3	30.3	29.3	31.0	31.9	32.8
% of Total Revenues	3.8%	3.8%	3.2%	3.8%	3.5%	3.5%	3.5%	3.5%
Gen. & Admin. Costs	107.1	111.3	108.7	108.7	116.9	119.2	120.0	121.9
% of Total Revenues	14.7%	14.3%	13.9%	13.4%	14.0%	13.4%	13.2%	13.0%
Operating Costs	\$397.0	\$425.0	\$419.7	\$436.9	\$454.5	\$480.8	\$489.0	\$511.4
% of Revenues	54.5%	54.7%	53.6%	54.0%	54.3%	54.3%	53.7%	54.5%
EBITDA incl. New Serv. Start-up Losses x Teleph	\$330.8	\$351.4	\$362.7	\$372.1	\$382.2	\$405.3	\$421.7	\$426.2
Operating Margin	45.5%	45.3%	46.4%	46.0%	45.7%	45.7%	46.3%	45.5%
Add: Broadband Losses excl. Telephony	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EBITDA excl. New Serv. Start-up Losses	\$330.8	\$351.4	\$362.7	\$372.1	\$382.2	\$405.3	\$421.7	\$426.2
Operating Margin	45.5%	45.3%	46.4%	46.0%	45.7%	45.7%	46.3%	45.5%
% Change	16.3%	18.4%	18.9%	19.4%	15.5%	15.3%	16.3%	14.5%

E = Morgan Stanley Research Estimates

Exhibit 73

Adelphia Communications

Consolidated Cable Television Operations, 2000-2006E

(\$ Millions, except per-share data)

	2001	Pro Forma For All Acquisitions			2002E	2003E	2004E	2005E	2006E
	1999	2000	2001						
Homes Passed	9,549,011	9,268,860	9,407,893	9,549,011	9,692,246	9,837,630	9,985,194	10,134,972	10,286,997
% Change	9.0%	NM	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Basic Subscribers	5,810,253	5,720,424	5,794,790	5,810,253	5,836,399	5,861,000	5,885,000	5,909,000	5,933,000
% Change	4.7%	NM	1.3%	0.3%	0.5%	0.4%	0.4%	0.4%	0.4%
Homes Passed Penetration	60.8%	61.7%	61.6%	60.8%	60.2%	59.6%	58.9%	58.3%	57.7%
Premium Subscriptions	2,847,578	2,670,443	2,705,159	2,847,578	2,950,780	3,095,284	3,231,841	3,315,913	3,362,325
% Change	10.0%	NM	1.3%	5.3%	3.6%	4.9%	4.4%	2.6%	1.4%
Basic subscriber Penetration	49.0%	46.7%	46.7%	49.0%	50.6%	52.8%	54.9%	56.1%	56.7%
Digital Subscriptions	1,879,044	233,949	904,263	1,879,044	2,698,261	3,463,583	4,083,430	4,496,797	4,761,751
% Change	107.8%	462.2%	286.5%	107.8%	43.6%	28.4%	17.9%	10.1%	5.9%
Homes Passed Penetration	19.7%	2.5%	9.6%	19.7%	27.8%	35.2%	40.9%	44.4%	46.3%
Basic subscriber Penetration	32.3%	4.1%	15.6%	32.3%	46.2%	59.1%	69.4%	76.1%	80.3%
Premium Subscriber Penetration	66.0%	8.8%	33.4%	66.0%	91.4%	111.9%	126.3%	135.6%	141.6%
HSCDS Subscribers	377,510	37,495	148,504	377,510	787,010	1,218,834	1,715,074	2,242,504	2,756,034
% Change	154.2%	142.9%	296.1%	154.2%	108.5%	54.9%	40.7%	30.8%	22.9%
Homes Passed Penetration	4.0%	0.4%	1.6%	4.0%	8.1%	12.4%	17.2%	22.1%	26.8%
Basic subscriber Penetration	6.5%	0.7%	2.6%	6.5%	13.5%	20.8%	29.1%	38.0%	46.5%
Monthly Reg. Rev. per Basic Sub.	\$34.05	\$32.83	\$33.09	\$34.14	\$36.07	\$37.80	\$39.60	\$41.50	\$43.49
% Change	2.8%	12.4%	0.8%	3.2%	5.7%	4.8%	4.8%	4.8%	4.8%
Monthly Reg. & Unreg. Rev. per Basic Sub.	41.36	38.99	39.90	41.45	43.49	45.88	48.77	51.39	53.79
% Change	3.4%	5.7%	2.3%	3.9%	4.9%	5.5%	6.3%	5.4%	4.7%
Monthly Digital Video Rev. per Digital Sub.	11.20	9.36	7.30	11.72	11.38	11.73	12.08	12.44	12.81
% Change	16.2%	-40.4%	-22.0%	60.5%	-2.9%	3.0%	3.0%	3.0%	3.0%
Monthly HSCDS Rev. per HSCDS Sub.	27.24	41.11	34.02	26.37	31.10	35.14	34.75	34.49	34.30
% Change	-31.4%	-32.4%	-17.2%	-22.5%	14.2%	13.0%	-1.1%	-0.7%	-0.6%
Regulated Analog Revenues	\$2,318.8	\$2,208.6	\$2,285.9	\$2,376.9	\$2,520.8	\$2,652.6	\$2,791.0	\$2,936.5	\$3,089.9
% Change	13.4%	15.9%	3.5%	4.0%	6.1%	5.2%	5.2%	5.2%	5.2%
Premium and Non-regulated Revenues	497.8	414.4	470.9	509.5	518.2	567.3	646.5	699.9	731.7
% Change	17.1%	-17.4%	13.7%	8.2%	1.7%	9.5%	14.0%	8.3%	4.6%
Digital Video Revenues	195.7	15.5	49.9	195.7	319.3	433.5	546.9	640.4	711.8
% Change	292.4%	252.1%	222.2%	292.4%	63.2%	35.8%	26.2%	17.1%	11.1%
HSCDS Revenues	83.2	13.1	38.0	83.2	212.8	422.9	611.7	819.0	1,028.6
% Change	119.2%	124.8%	190.8%	119.2%	155.7%	98.8%	44.6%	33.9%	25.6%
Total Revenue	\$3,095.5	\$2,651.5	\$2,852.6	\$3,165.3	\$3,571.1	\$4,076.4	\$4,596.1	\$5,095.8	\$5,562.0
% Change	21.0%	9.7%	7.6%	11.0%	12.8%	14.1%	12.7%	10.9%	9.1%

E = Morgan Stanley Research Estimates

Exhibit 74

Adelphia Communications

Consolidated Cable Television Operations, 2000-2006E (continued)

(\$ Millions, except per-share data)

	Pro Forma For All Acquisitions								
	2001	1999	2000	2001	2002E	2003E	2004E	2005E	2006E
Total Revenue	\$3,095.5	\$2,651.5	\$2,852.6	\$3,165.3	\$3,571.1	\$4,076.4	\$4,596.1	\$5,095.8	\$5,562.0
% Change	21.0%	9.7%	7.6%	11.0%	12.8%	14.1%	12.7%	10.9%	9.1%
Analog Programming Costs	\$776.9	\$636.8	\$713.6	\$784.8	\$881.6	\$967.8	\$1,065.1	\$1,149.1	\$1,225.6
% of Total Analog Revenue	27.6%	24.3%	25.9%	27.2%	29.0%	30.1%	31.0%	31.6%	32.1%
Digital Prog. & Direct Costs	38.4	3.0	9.6	38.4	72.8	116.1	168.4	222.8	276.1
% of Total Digital Revenue	19.6%	19.5%	19.3%	19.6%	22.8%	26.8%	30.8%	34.8%	38.8%
HSCDS Direct Operating Costs	16.4	3.1	6.7	16.4	46.0	97.7	148.0	199.0	250.8
% of Total HSCDS Revenue	19.7%	23.5%	17.6%	19.7%	21.6%	23.1%	24.2%	24.3%	24.4%
Total Programming and Direct Costs	831.8	642.9	729.9	839.7	1,000.4	1,181.6	1,381.4	1,570.9	1,752.5
% of Total HSCDS Revenue	26.9%	24.2%	25.6%	26.5%	28.0%	29.0%	30.1%	30.8%	31.5%
Analog Service Gross Profit	2,039.7	1,986.2	2,043.3	2,101.5	2,157.4	2,252.1	2,372.4	2,487.3	2,596.0
% of Total Analog Revenue	72.4%	75.7%	74.1%	72.8%	71.0%	69.9%	69.0%	68.4%	67.9%
Digital Service Gross Profit	157.3	12.5	40.3	157.3	246.6	317.4	378.5	417.7	435.7
% of Total Digital Revenue	80.4%	80.5%	80.7%	80.4%	77.2%	73.2%	69.2%	65.2%	61.2%
HSCDS Gross Profit	66.8	10.0	31.3	66.8	166.8	325.2	463.7	620.0	777.8
% of Total HSCDS Revenue	80.3%	76.5%	82.4%	80.3%	78.4%	76.9%	75.8%	75.7%	75.6%
Total Gross Profit	\$2,263.8	\$2,008.6	\$2,122.7	\$2,325.6	\$2,570.7	\$2,894.8	\$3,214.6	\$3,525.8	\$3,809.5
% of Total Revenue	73.1%	75.8%	74.4%	73.5%	72.0%	71.0%	69.9%	69.2%	68.5%
Other Operating Costs	297.8	225.9	276.7	306.9	332.4	367.2	400.9	439.9	470.2
% of Total Revenues	9.6%	8.5%	9.7%	9.7%	9.3%	9.0%	8.7%	8.6%	8.5%
Marketing Costs	113.2	55.7	95.6	115.8	125.0	139.8	154.5	166.2	175.9
% of Total Revenues	3.7%	2.1%	3.4%	3.7%	3.5%	3.4%	3.4%	3.3%	3.2%
Gen. & Admin. Costs	435.7	555.1	438.6	446.7	477.9	528.1	565.2	608.4	648.9
% of Total Revenues	14.1%	20.9%	15.4%	14.1%	13.4%	13.0%	12.3%	11.9%	11.7%
Operating Costs	\$1,678.5	\$1,479.5	\$1,540.7	\$1,709.1	\$1,935.7	\$2,216.7	\$2,502.0	\$2,785.4	\$3,047.5
% of Revenues	54.2%	55.8%	54.0%	54.0%	54.2%	54.4%	54.4%	54.7%	54.8%
EBITDA incl. New Serv. Start-up Losses x Teleph	\$1,417.0	\$1,172.0	\$1,311.9	\$1,456.2	\$1,635.4	\$1,859.7	\$2,094.0	\$2,310.5	\$2,514.5
Operating Margin	45.8%	44.2%	46.0%	46.0%	45.8%	45.6%	45.6%	45.3%	45.2%
Add: Broadband Losses excl. Telephony	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EBITDA excl. New Serv. Start-up Losses	\$1,417.0	\$1,172.0	\$1,311.9	\$1,456.2	\$1,635.4	\$1,859.7	\$2,094.0	\$2,310.5	\$2,514.5
Operating Margin	45.8%	44.2%	46.0%	46.0%	45.8%	45.6%	45.6%	45.3%	45.2%
% Change	18.3%		11.9%	11.0%	12.3%	13.7%	12.6%	10.3%	8.8%

E = Morgan Stanley Research Estimates

Time Warner Cable (division of AOL Time Warner, AOL, \$22, Overweight-V, Industry View: In-Line, Target \$36), *Co-covered with Mary Meeker (212-761-8042)*

Time Warner Cable (TWC) should continue to generate 14.5–15.0% revenue growth in 2002, on the high end of the sector average. Approximately half of the incremental revenue will be driven by the cable modem product and 20% from digital video growth. We expect EBITDA margins to remain within the 45–46% range, which should result in 14.0–14.5% EBITDA growth.

We continue to expect TWC to incur cable capital expenditures of \$1.6–1.7 billion in 2002, approximately 50% of which is success-based, or related to the expansion of TWC's cable modem and digital cable subscriber base. We expect TWC to spend approximately \$75 million in initial capital outlays related to telephony in 2002. Based on our \$3.65 billion EBITDA forecast in 2002, TWC is well positioned to cover its capital expenditure requirements and contribute FCF to parent AOL Time Warner.

Digital Video Forecast

We are reducing our 2002 digital video addition forecast by approximately 100,000 subscribers from 1.4 million to 1.3 million. We expect 2002 net additions to be down 10% from 2001 levels. We project TWC to reach 4.25 million digital subscriptions by the end of 2002, representing 37–38% basic subscriber penetration. In 1Q02, TWC should add 22,500–23,000 digital subscribers per week, representing a 17–18% decline from 1Q01 weekly additions. Reflecting the seasonality of subscriber growth, we expect digital additions to be stronger in the second half of 2002, accounting for 55–60% of annual additions.

We expect 2002 net adds to be down 10% from 2001 levels. TWC is second in digital penetration with 38% of basic subs at YE02.

We continue to expect TWC to offer VOD to 40% of its footprint by the end of 2002, or approximately 1.7 million digital subscribers. To date TWC has deployed VOD service in three markets, projected to reach 14 by the end of 2002. We estimate that TWC generates about \$13 of incremental ARPU per digital subscriber, excluding pay per view revenue. There is considerable upside in our digital revenue forecasts if the rollout of VOD can boost

PPV purchases from our current estimate of one purchase per digital subscriber per month in 2002.

In addition, the commercial launch of subscription VOD could provide additional upside through a combination of increased premium penetration and premium ARPU. The impact of both VOD and S-VOD will likely begin to be felt in 1H03.

Cable Modem Forecast

We anticipate TWC to add 1.1–1.2 million broadband cable modem subscribers in 2002, bringing its broadband subscriber base up to approximately 3.0 million, or approximately 16–17% of homes passed. Of this total, we expect 160,000–165,000 to be “wholesale” subscribers, served by one of the multiple ISPs deployed across TWC's footprint. We anticipate the vast majority of wholesale subscribers will use AOL as their broadband ISP.

The addition of wholesale ISPs into TWC's data subscriber base will place some pressure on data ARPU, which we expect will be more than offset on the EBITDA line by higher operating margins on wholesale subscribers. We assume all marketing and customer service costs of AOL broadband subscribers across TWC's footprint to be allocated to AOL. Despite the lower ARPU on new wholesale subscribers, we expect total ARPU to increase 8–9% in 2002, fueled by a 14–15% increase in proprietary service (Roadrunner) ARPU in 2002, based on previously announced rate increases from \$40 to \$45.

TWC should continue to generate fully allocated EBITDA margins of 30–31% on its data product in 2002. This equates to approximately \$13.00 per average broadband subscriber. In 2003, we expect the influx of wholesale subscribers and overall fixed cost leverage to boost EBITDA margins to 46–47%, or roughly \$17.00 per average broadband subscriber. TWC's broadband additions should be split roughly 50–50 between wholesale and proprietary subscribers over the longer term.

Exhibit 75
AOL Time Warner
Broadband Cable Drivers

Dollars in Millions

	Pro Forma										
	2000	2001E	2002E	1Q01	2Q01	3Q01	4Q01	1Q02E	2Q02E	3Q02E	4Q02E
Broadband Subscribers											
Basic	11,158,000	11,213,790	11,269,859	11,196,500	11,087,125	11,085,792	11,213,790	11,236,218	11,241,824	11,247,431	11,269,859
Pro Forma Basic Growth %	1.4%	0.5%	0.5%	0.7%	0.7%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
Basic ARPU	\$29.40	\$30.87	\$32.41	\$30.87	\$30.87	\$30.87	\$30.87	\$32.41	\$32.41	\$32.41	\$32.41
Prog. Exp as % of Analog Revs	24.4%	22.6%	21.6%	29.5%	28.6%	28.5%	27.4%	30.0%	29.7%	29.8%	28.5%
Per Sub Prog. Exp Growth %	3.3%	6.2%	8.6%	4.5%	5.5%	6.6%	8.2%	8.7%	8.6%	8.6%	8.5%
Digital Video Subscribers											
Weekly Additions	22,196	27,155	24,568	27,692	25,823	24,231	32,608	22,825	20,000	25,500	28,214
ARPU	\$13.39	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00
Basic Sub Penetration	14.0%	26.5%	37.7%	17.2%	20.4%	23.2%	26.7%	29.3%	31.6%	34.6%	37.7%
Dig. Programming Expense %	30.0%	35.8%	40.0%	30.0%	30.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Cable Modem Subscribers											
Weekly Additions	879,780	1,782,818	2,952,818	1,308,198	1,318,370	1,544,738	1,782,818	2,081,818	2,315,818	2,614,818	2,952,818
ARPU	\$42.53	\$40.31	\$42.10	\$40.98	\$40.35	\$40.22	\$39.95	\$41.56	\$40.99	\$42.88	\$42.67
Basic Sub Penetration	7.9%	15.9%	26.2%	9.8%	11.8%	13.9%	15.9%	18.5%	20.4%	23.2%	26.2%
Affiliate Fee as % of Revenue	25.0%	25.6%	24.2%	25.2%	25.6%	25.6%	25.8%	24.0%	24.2%	24.2%	24.2%
Broadband Fixed Costs (1)											
Fixed Costs (% Change)	5.6%	21.2%	11.7%	6.7%	15.5%	30.5%	32.0%	15.5%	8.2%	9.7%	13.8%
Total Capex	\$2,158.0	\$2,221.0	\$1,752.9	\$577.0	\$564.0	\$485.0	\$595.0	\$335.8	\$503.7	\$503.7	\$335.8

E = Morgan Stanley Research Estimates

Broadband Cable Television - April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 76

AOL Time Warner**Time Warner Cable Revenue and Operating Cash Flow Comparisons, Quarterly**

(\$ Millions)

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Cable Television/Telephony								
Core Cable	\$1,322.7	\$1,371.9	\$1,392.0	\$1,470.2	\$1,392.5	\$1,448.9	\$1,461.0	\$1,549.4
Advanced Analog	112.6	111.6	110.5	108.7	107.1	106.1	105.0	103.2
Digital Cable	68.0	81.6	94.3	108.7	122.7	133.6	145.1	158.7
High Speed Data Services	121.7	145.9	172.2	199.4	240.9	270.4	317.2	356.4
Total Cable Television Services	\$1,625.0	\$1,711.0	\$1,769.0	\$1,887.0	\$1,863.2	\$1,959.0	\$2,028.3	\$2,167.7
Telephony Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Cable Television/Telephony Revenue	\$1,625.0	\$1,711.0	\$1,769.0	\$1,887.0	\$1,863.2	\$1,959.0	\$2,028.3	\$2,167.7
% Change	12.3%	13.9%	17.1%	18.4%	14.7%	14.5%	14.7%	14.9%
Cable Television EBITDA	\$768.0	\$777.0	\$791.0	\$863.0	\$858.9	\$896.4	\$917.1	\$986.1
Telephony EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Cable/Telephony EBITDA	\$768.0	\$777.0	\$791.0	\$863.0	\$858.9	\$896.4	\$917.1	\$986.1
% Change	15.3%	13.4%	10.9%	12.5%	11.8%	15.4%	15.9%	14.3%
Cable/Telephony EBITDA Margins								
Core Cable Television	47.3%	45.4%	44.7%	45.7%	46.1%	45.8%	45.2%	45.5%
Total Cable Television/Telephony	47.3%	45.4%	44.7%	45.7%	46.1%	45.8%	45.2%	45.5%
Primestar Operations								
Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating Cash Flow	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow Margin								
Gains from cable television sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	\$1,625.0	\$1,711.0	\$1,769.0	\$1,887.0	\$1,863.2	\$1,959.0	\$2,028.3	\$2,167.7
% Change	12.3%	13.9%	17.1%	18.4%	14.7%	14.5%	14.7%	14.9%
Total EBITDA	768.0	777.0	791.0	863.0	858.9	896.4	917.1	986.1
Operating Cash Flow Margin	47.3%	45.4%	44.7%	45.7%	46.1%	45.8%	45.2%	45.5%
% Change	10.7%	13.4%	10.9%	12.5%	11.8%	15.4%	15.9%	14.3%
Depreciation	242.0	272.0	291.0	306.0	279.9	279.9	279.9	279.9
	14.9%	15.9%	16.4%	16.2%	15.0%	14.3%	13.8%	12.9%
EBITA	\$526.0	\$505.0	\$500.0	\$557.0	\$579.0	\$616.4	\$637.2	\$706.1
EBITA Margin	32.4%	29.5%	28.3%	29.5%	31.1%	31.5%	31.4%	32.6%
% Change	6.2%	4.9%	1.5%	4.6%	10.1%	22.1%	27.4%	26.8%

E= Morgan Stanley Research Estimate

Broadband Cable Television - April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 77

AOL Time Warner

Time Warner Cable Revenue and Operating Cash Flow Comparisons, 2000-2006E

(\$ Millions)

	2000	2001	2002E	2003E	2004E	2005E	2006E
Cable Television/Telephony							
Core Cable	\$5,133.7	\$5,556.8	\$5,851.8	\$6,253.4	\$6,676.7	\$7,115.2	\$7,599.7
Advanced Analog	458.9	443.4	421.4	414.4	405.1	394.4	382.0
Digital Cable	158.6	352.6	560.2	788.7	999.8	1,183.4	1,358.5
High Speed Data Services	302.8	639.3	1,184.8	1,678.6	2,123.8	2,553.4	2,941.6
Total Cable Television Services	\$6,054.0	\$6,992.0	\$8,018.2	\$9,135.1	\$10,205.4	\$11,246.4	\$12,281.8
Telephony Revenue	0.0	0.0	0.0	34.1	172.6	512.3	1,122.5
Total Cable Television/Telephony Revenue	\$6,054.0	\$6,992.0	\$8,018.2	\$9,169.2	\$10,378.0	\$11,758.7	\$13,404.4
% Change	12.7%	15.5%	14.7%	14.4%	13.2%	13.3%	14.0%
Cable Television EBITDA	\$2,831.0	\$3,199.0	\$3,658.4	\$4,162.9	\$4,715.1	\$5,191.6	\$5,651.1
Telephony EBITDA	0.0	0.0	0.0	11.6	67.9	202.6	470.0
Total Cable/Telephony EBITDA	\$2,831.0	\$3,199.0	\$3,658.4	\$4,174.4	\$4,782.9	\$5,394.3	\$6,121.1
% Change	14.8%	13.0%	14.4%	14.1%	14.6%	12.8%	13.5%
Cable/Telephony EBITDA Margins							
Core Cable Television	46.8%	45.8%	45.6%	45.6%	46.2%	46.2%	46.0%
Total Cable Television/Telephony	46.8%	45.8%	45.6%	45.5%	46.1%	45.9%	45.7%
Primestar Operations							
Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating Cash Flow	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow Margin	NA	NA	NA	NA	NA	NA	NA
Gains from cable television sales	28.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	\$6,054.0	\$6,992.0	\$8,018.2	\$9,169.2	\$10,378.0	\$11,758.7	\$13,404.4
% Change	12.7%	15.5%	14.7%	14.4%	13.2%	13.3%	14.0%
Total EBITDA	2,859.0	3,199.0	3,658.4	4,174.4	4,782.9	5,394.3	6,121.1
Operating Cash Flow Margin	47.2%	45.8%	45.6%	45.5%	46.1%	45.9%	45.7%
% Change	-21.1%	11.9%	14.4%	14.1%	14.6%	12.8%	13.5%
Depreciation	857.0	1,111.0	1,119.7	1,175.9	1,234.9	1,312.1	1,403.5
	14.2%	15.9%	14.0%	12.8%	11.9%	11.2%	10.5%
EBITA	\$2,002.0	\$2,088.0	\$2,538.7	\$2,998.5	\$3,548.0	\$4,082.2	\$4,717.6
EBITA Margin	33.1%	29.9%	31.7%	32.7%	34.2%	34.7%	35.2%
% Change	-29.4%	4.3%	21.6%	18.1%	18.3%	15.1%	15.6%

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 78

AOL Time Warner
Time Warner Cable Consolidated Cable Television Operations, Quarterly

(\$ Millions except per data)

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Homes Passed	18,049,750	18,026,800	18,126,250	18,265,650	18,334,000	18,402,000	18,471,000	18,540,000
% Change	2.4%	1.8%	1.8%	1.9%	1.6%	2.1%	1.9%	1.5%
Basic Subscribers	11,196,500	11,087,125	11,085,792	11,213,790	11,236,218	11,241,824	11,247,431	11,269,859
% Change	0.9%	0.4%	0.4%	0.5%	0.4%	1.4%	1.5%	0.5%
Homes Passed Penetration	62.0%	61.5%	61.2%	61.4%	61.3%	61.1%	60.9%	60.8%
Advanced Analog Subscribers	4,153,550	4,112,950	4,072,350	3,981,000	3,950,550	3,909,950	3,869,350	3,775,000
% Change	-4.0%	-2.9%	-1.6%	-4.9%	-4.9%	-4.9%	-5.0%	-5.2%
Homes Marketed	9,866,462	9,941,778	10,017,095	10,092,411	10,167,728	10,243,044	10,318,361	10,142,873
Adv. Analog Subscriber to Homes Marketed	42.1%	41.4%	40.7%	39.4%	38.9%	38.2%	37.5%	37.2%
Basic Subscriber Penetration	37.1%	37.1%	36.7%	35.5%	35.2%	34.8%	34.4%	33.5%
Premium Subscriptions	6,839,540	6,772,727	6,771,912	6,856,408	6,870,120	6,873,549	6,876,977	6,875,601
% Change	0.4%	-0.4%	-0.7%	0.6%	0.4%	1.5%	1.6%	0.3%
Basic Subscriber Penetration	61.1%	61.1%	61.1%	61.1%	61.1%	61.1%	61.1%	61.0%
Digital Subscriptions	1,924,200	2,259,900	2,574,900	2,998,800	3,295,530	3,555,530	3,887,030	4,253,808
% Change	248.8%	182.5%	120.1%	91.7%	71.3%	57.3%	51.0%	41.9%
Homes Passed Penetration	10.7%	12.5%	14.2%	16.4%	18.0%	19.3%	21.0%	22.9%
Basic Subscriber Penetration	17.2%	20.4%	23.2%	26.7%	29.3%	31.6%	34.6%	37.7%
Premium Subscriber Penetration	28.1%	33.4%	38.0%	43.7%	48.0%	51.7%	56.5%	61.9%
HSCDS Subscribers	1,100,190	1,310,370	1,544,730	1,782,810	2,081,810	2,315,810	2,614,810	2,952,810
% Change	164.7%	145.9%	131.0%	102.6%	89.2%	76.7%	69.3%	65.6%
Homes Passed Penetration	6.1%	7.3%	8.5%	9.8%	11.4%	12.6%	14.2%	15.9%
Basic Subscriber Penetration	9.8%	11.8%	13.9%	15.9%	18.5%	20.6%	23.2%	26.2%
Monthly Reg. Rev. per Basic Sub.	\$30.87	\$30.87	\$30.87	\$30.87	\$32.41	\$32.41	\$32.41	\$32.41
% Change	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Monthly Reg. & Unreg. Rev. per Basic Sub.	\$39.45	\$41.04	\$41.65	\$43.95	\$41.35	\$42.97	\$43.32	\$45.88
% Change	3.7%	5.4%	8.9%	11.8%	4.8%	4.7%	4.0%	4.4%
Monthly Adv. Analog Rev. per Adv. Analog Sub.	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Monthly Digital Video Rev. per Digital Sub.	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00
% Change	8.3%	-7.1%	-18.8%	-18.8%	0.0%	0.0%	0.0%	0.0%
Monthly HSCDS Rev. per HSCDS Sub.	40.98	40.35	40.22	39.95	41.56	40.99	42.88	42.67
% Change	-12.1%	-10.9%	-10.2%	-13.4%	1.4%	1.6%	6.6%	6.8%
Regulated Analog Revenues	\$1,035.1	\$1,031.8	\$1,031.8	\$1,032.6	\$1,091.5	\$1,092.9	\$1,093.2	\$1,094.5
% Change	6.2%	5.7%	5.7%	5.5%	5.4%	5.9%	5.9%	6.0%
Premium and Non-regulated Revenues	\$287.6	\$340.1	\$360.2	\$437.6	\$301.0	\$356.0	\$367.8	\$454.8
% Change	0.3%	7.2%	22.7%	32.6%	4.7%	4.7%	2.1%	3.9%
Adv. Analog Revenue	\$112.6	\$111.6	\$110.5	\$108.7	\$107.1	\$106.1	\$105.0	\$103.2
% Change	-4.5%	-3.4%	-2.3%	-3.2%	-4.9%	-4.9%	-5.0%	-5.1%
Digital Video Revenues	\$68.0	\$81.6	\$94.3	\$108.7	\$122.7	\$133.6	\$145.1	\$158.7
% Change	293.0%	187.4%	99.4%	65.6%	80.4%	63.7%	53.9%	46.1%
HSCDS Revenues	\$121.7	\$145.9	\$172.2	\$199.4	\$240.9	\$270.4	\$317.2	\$356.4
% Change	140.9%	126.5%	113.4%	86.1%	97.9%	85.3%	84.1%	78.7%
Total Revenue	\$1,625.0	\$1,711.0	\$1,769.0	\$1,887.0	\$1,863.2	\$1,959.0	\$2,028.3	\$2,167.7
% Change	12.3%	13.9%	17.1%	18.4%	14.7%	14.5%	14.7%	14.9%

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 79

AOL Time Warner

Time Warner Cable Consolidated Cable Television Operations (continued)

(\$ Millions except per data)

	2001				2002E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Total Revenue	\$1,625.0	\$1,711.0	\$1,769.0	\$1,887.0	\$1,863.2	\$1,959.0	\$2,028.3	\$2,167.7
% Change	12.3%	13.9%	17.1%	18.4%	14.7%	14.5%	14.7%	14.9%
Analog Programming Costs	\$390.3	\$392.7	\$397.0	\$403.3	\$426.0	\$430.4	\$435.3	\$441.6
% of Total Analog Revenue	29.5%	28.6%	28.5%	27.4%	30.6%	29.7%	29.8%	28.5%
Adv. Analog Programming Costs	\$43.1	\$42.8	\$42.4	\$41.7	\$41.0	\$40.7	\$40.3	\$39.6
% of Total Adv. Analog Revenue	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%
Digital Prog. & Direct Costs	\$20.4	\$24.5	\$37.7	\$43.5	\$49.1	\$53.4	\$58.1	\$63.5
% of Total Digital Revenue	30.0%	30.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
HSCDS Direct Operating Costs	\$30.6	\$37.3	\$44.2	\$51.5	\$57.8	\$65.5	\$76.7	\$86.2
% of Total HSCDS Revenue	25.2%	25.6%	25.6%	25.8%	24.0%	24.2%	24.2%	24.2%
Total Programming and Direct Costs	\$484.5	\$497.3	\$521.3	\$539.9	\$574.0	\$590.8	\$610.3	\$630.8
% of Total Revenue	29.8%	29.1%	29.5%	28.6%	30.8%	30.1%	30.1%	29.1%
Analog Service Gross Profit	932.4	979.2	994.9	1,066.9	966.5	1,018.5	1,025.7	1,107.8
% of Total Analog Revenue	70.5%	71.4%	71.5%	72.6%	69.4%	70.3%	70.2%	71.5%
Adv. Analog Gross Profit	69.4	68.8	68.1	67.0	66.0	65.4	64.8	63.6
% of Total Adv. Analog Revenue	61.7%	61.7%	61.7%	61.7%	61.7%	61.7%	61.7%	61.7%
Digital Service Gross Profit	47.6	57.1	56.6	65.2	73.6	80.2	87.1	95.2
% of Total Digital Revenue	70.0%	70.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
HSCDS Gross Profit	91.1	108.6	128.1	147.9	183.1	204.9	240.4	270.2
% of Total HSCDS Revenue	74.8%	74.4%	74.4%	74.2%	76.0%	75.8%	75.8%	75.8%
Total Gross Profit	\$1,140.5	\$1,213.7	\$1,247.7	\$1,347.1	\$1,289.2	\$1,369.0	\$1,418.0	\$1,536.8
% of Total Revenue	70.2%	70.9%	70.5%	71.4%	69.2%	69.9%	69.9%	70.9%
Other Operating Costs	\$86.6	\$86.4	\$87.7	\$88.3	\$92.2	\$99.5	\$109.8	\$111.2
% of Total Revenues	5.3%	5.0%	5.0%	4.7%	4.9%	5.1%	5.4%	5.1%
Marketing Costs	\$97.5	\$111.2	\$119.4	\$122.7	\$124.8	\$131.3	\$135.9	\$145.2
% of Total Revenues	6.0%	6.5%	6.8%	6.5%	6.7%	6.7%	6.7%	6.7%
Gen. & Admin. Costs	\$188.4	\$239.1	\$249.6	\$273.1	\$213.3	\$241.9	\$255.3	\$294.4
% of Total Revenues	11.6%	14.0%	14.1%	14.5%	11.4%	12.3%	12.6%	13.6%
Operating Costs	\$857.0	\$934.0	\$978.0	\$1,024.0	\$1,004.3	\$1,062.6	\$1,111.2	\$1,181.6
% of Revenues	52.7%	54.6%	55.3%	54.3%	53.9%	54.2%	54.8%	54.5%
Operating Cash Flow	\$768.0	\$777.0	\$791.0	\$863.0	\$858.9	\$896.4	\$917.1	\$986.1
Operating Margin	47.3%	45.4%	44.7%	45.7%	46.1%	45.8%	45.2%	45.5%
% Change	15.3%	13.4%	10.9%	12.5%	11.8%	15.4%	15.9%	14.3%

E= Morgan Stanley Research Estimates

Exhibit 80

AOL Time Warner

Time Warner Cable Consolidated Cable Television Operations, 2000-2006E

(\$ Millions except per data)

	2000	2001	2002E	2003E	2004E	2005E	2006E
Homes Passed	17,918,850	18,265,650	18,540,000	18,818,100	19,100,372	19,386,877	19,677,680
% Change	2.2%	1.9%	1.5%	1.5%	1.5%	1.5%	1.5%
Basic Subscribers	11,158,000	11,213,790	11,269,859	11,324,800	11,378,628	11,431,360	11,483,012
% Change	1.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Homes Passed Penetration	62.3%	61.4%	60.8%	60.2%	59.6%	59.0%	58.4%
Advanced Analog Subscribers	4,184,000	3,981,000	3,775,000	3,567,000	3,357,000	3,144,000	2,928,000
% Change	-5.0%	-4.9%	-5.2%	-5.5%	-5.9%	-6.3%	-6.9%
Homes Marketed	9,791,145	10,092,411	10,142,873	10,192,320	10,240,765	10,288,224	10,334,710
Adv. Analog Subscriber to Homes Marketed	42.7%	39.4%	37.2%	35.0%	32.8%	30.6%	28.3%
Basic Subscriber Penetration	37.5%	35.5%	33.5%	31.5%	29.5%	27.5%	25.5%
Premium Subscriptions	6,816,022	6,856,408	6,875,601	6,879,868	6,828,597	6,754,410	6,666,109
% Change	1.0%	0.6%	0.3%	0.1%	-0.7%	-1.1%	-1.3%
Basic Subscriber Penetration	61.1%	61.1%	61.0%	60.8%	60.0%	59.1%	58.1%
Digital Subscriptions	1,564,200	2,976,259	4,253,808	5,440,617	6,263,321	6,929,820	7,494,670
% Change	281.5%	90.3%	42.9%	27.9%	15.1%	10.6%	8.2%
Homes Passed Penetration	8.7%	16.3%	22.9%	28.9%	32.8%	35.7%	38.1%
Basic Subscriber Penetration	14.0%	26.5%	37.7%	48.0%	55.0%	60.6%	65.3%
Premium Subscriber Penetration	22.9%	43.4%	61.9%	79.1%	91.7%	102.6%	112.4%
HSCDS Subscribers	879,780	1,782,810	2,952,810	4,193,950	5,389,882	6,662,651	7,963,411
% Change	186.7%	102.6%	65.6%	42.0%	28.5%	23.6%	19.5%
Homes Passed Penetration	4.9%	9.8%	15.9%	22.3%	28.2%	34.4%	40.5%
Basic Subscriber Penetration	7.9%	15.9%	26.2%	37.0%	47.4%	58.3%	69.3%
Monthly Reg. Rev. per Basic Sub.	\$29.40	\$30.87	\$32.41	\$34.03	\$35.74	\$37.52	\$39.40
% Change	4.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Monthly Reg. & Unreg. Rev. per Basic Sub.	\$38.64	\$41.52	\$43.38	\$46.13	\$49.01	\$51.99	\$55.28
% Change	0.6%	7.5%	4.5%	6.3%	6.3%	6.1%	6.3%
Monthly Adv. Analog Rev. per Adv. Analog Sub.	\$8.90	\$9.00	\$9.00	\$9.41	\$9.75	\$10.11	\$10.49
% Change	-0.2%	1.1%	0.0%	4.5%	3.7%	3.7%	3.7%
Monthly Digital Video Rev. per Digital Sub.	\$13.39	\$13.00	\$13.00	\$13.56	\$14.24	\$14.95	\$15.70
% Change	65.9%	-2.9%	0.0%	4.3%	5.0%	5.0%	5.0%
Monthly HSCDS Rev. per HSCDS Sub.	\$42.53	\$40.31	\$42.10	\$39.15	\$36.93	\$35.31	\$33.52
% Change	-14.6%	-5.2%	4.5%	-7.0%	-5.7%	-4.4%	-5.1%
Regulated Analog Revenues	\$3,906.4	\$4,131.4	\$4,372.1	\$4,613.9	\$4,868.0	\$5,135.4	\$5,416.6
% Change	10.0%	5.8%	5.8%	5.5%	5.5%	5.5%	5.5%
Premium and Non-regulated Revenues	\$1,227.3	\$1,425.4	\$1,479.7	\$1,639.4	\$1,808.7	\$1,979.8	\$2,183.0
% Change	-3.9%	16.1%	3.8%	10.8%	10.3%	9.5%	10.3%
Adv. Analog Revenue	\$458.9	\$443.4	\$421.4	\$414.4	\$405.1	\$394.4	\$382.0
% Change	14.3%	-3.4%	-5.0%	-1.7%	-2.2%	-2.6%	-3.1%
Digital Video Revenues	\$158.6	\$352.6	\$560.2	\$788.7	\$999.8	\$1,183.4	\$1,358.5
% Change	698.8%	122.3%	58.9%	40.8%	26.8%	18.4%	14.8%
HSCDS Revenues	\$302.8	\$639.3	\$1,184.8	\$1,678.6	\$2,123.8	\$2,553.4	\$2,941.6
% Change	146.7%	111.1%	85.3%	41.7%	26.5%	20.2%	15.2%
Total Revenue	\$6,054.0	\$6,992.0	\$8,018.2	\$9,135.1	\$10,205.4	\$11,246.4	\$12,281.8
% Change	12.7%	15.5%	14.7%	13.9%	11.7%	10.2%	9.2%

E= Morgan Stanley Research Estimates

Broadband Cable Television – April 5, 2002

Please see the important disclosures at the end of this report.

Exhibit 81

AOL Time Warner

Time Warner Cable Consolidated Television Operations, 2000-2006E (continued)

(\$ Millions except per data)

	2000	2001	2002E	2003E	2004E	2005E	2006E
Total Revenue	\$6,054.0	\$6,992.0	\$8,018.2	\$9,135.1	\$10,205.4	\$11,246.4	\$12,281.8
% Change	12.7%	15.5%	14.7%	13.9%	11.7%	10.2%	9.2%
Analog Programming Costs	\$1,480.0	\$1,583.4	\$1,733.3	\$1,914.1	\$2,079.0	\$2,249.9	\$2,442.3
% of Total Analog Revenue	24.4%	22.6%	21.6%	21.0%	20.4%	20.0%	19.9%
Adv. Analog Programming Costs	\$175.9	\$170.0	\$161.5	\$159.5	\$156.4	\$152.7	\$148.3
% of Total Adv. Analog Revenue	38.3%	38.3%	38.3%	38.5%	38.6%	38.7%	38.8%
Digital Prog. & Direct Costs	\$47.6	\$126.1	\$224.1	\$315.5	\$399.9	\$473.4	\$543.4
% of Total Digital Revenue	30.0%	35.8%	40.0%	40.0%	40.0%	40.0%	40.0%
HSCDS Direct Operating Costs	\$75.6	\$163.6	\$286.3	\$394.2	\$500.7	\$602.7	\$694.9
% of Total HSCDS Revenue	25.0%	25.6%	24.2%	23.5%	23.6%	23.6%	23.6%
Total Programming and Direct Costs	\$1,779.1	\$2,043.0	\$2,405.2	\$2,783.3	\$3,136.1	\$3,478.6	\$3,828.9
% of Total Revenue	29.4%	29.2%	30.0%	30.5%	30.7%	30.9%	31.2%
Analog Service Gross Profit	3,653.7	3,973.4	4,118.5	4,339.2	4,597.6	4,865.3	5,157.5
% of Total Analog Revenue	71.2%	71.5%	70.4%	69.4%	68.9%	68.4%	67.9%
Adv. Analog Gross Profit	283.0	273.4	259.9	254.9	248.7	241.7	233.7
% of Total Adv. Analog Revenue	61.7%	61.7%	61.7%	61.5%	61.4%	61.3%	61.2%
Digital Service Gross Profit	111.0	226.5	336.1	473.2	599.9	710.0	815.1
% of Total Digital Revenue	70.0%	64.2%	60.0%	60.0%	60.0%	60.0%	60.0%
HSCDS Gross Profit	227.2	475.7	898.6	1,284.4	1,623.1	1,950.7	2,246.6
% of Total HSCDS Revenue	75.0%	74.4%	75.8%	76.5%	76.4%	76.4%	76.4%
Total Gross Profit	\$4,274.9	\$4,949.0	\$5,613.1	\$6,351.7	\$7,069.4	\$7,767.8	\$8,452.9
% of Total Revenue	70.6%	70.8%	70.0%	69.5%	69.3%	69.1%	68.8%
Other Operating Costs	\$338.7	\$349.0	\$412.6	\$453.9	\$492.5	\$537.0	\$583.6
% of Total Revenues	5.6%	5.0%	5.1%	5.0%	4.8%	4.8%	4.8%
Marketing Costs	\$329.8	\$450.8	\$537.2	\$615.9	\$634.0	\$699.8	\$761.2
% of Total Revenues	5.4%	6.4%	6.7%	6.7%	6.2%	6.2%	6.2%
Gen. & Admin. Costs	\$775.4	\$950.3	\$1,004.9	\$1,119.0	\$1,227.8	\$1,339.4	\$1,457.0
% of Total Revenues	12.8%	13.6%	12.5%	12.2%	12.0%	11.9%	11.9%
Operating Costs	\$3,223.0	\$3,793.0	\$4,359.8	\$4,972.2	\$5,490.3	\$6,054.8	\$6,630.8
% of Revenues	53.2%	54.2%	54.4%	54.4%	53.8%	53.8%	54.0%
Operating Cash Flow	\$2,831.0	\$3,199.0	\$3,658.4	\$4,162.9	\$4,715.1	\$5,191.6	\$5,651.1
Operating Margin	46.8%	45.8%	45.6%	45.6%	46.2%	46.2%	46.0%
% Change	14.8%	13.0%	14.4%	13.8%	13.3%	10.1%	8.8%

E= Morgan Stanley Research Estimates